

AMENDED IN SENATE MARCH 6, 2013

SENATE BILL

No. 30

Introduced by Senator Calderon
(Principal coauthor: Senator Anderson)
(Coauthors: Senators Block, Correa, Evans, Fuller, Lieu, and Price)
(Coauthor: Assembly Member Harkey)

December 3, 2012

An act to amend Section 17144.5 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 30, as amended, Calderon. Taxation: cancellation of indebtedness: mortgage debt forgiveness.

The Personal Income Tax Law conforms to specified provisions of the federal Mortgage Forgiveness Debt Relief Act of 2007, relating to the exclusion of the discharge of qualified principal residence indebtedness, as defined, from a taxpayer's income if that debt is discharged after January 1, 2007, and before January 1, 2010, as provided. The federal Emergency Economic Stabilization Act of 2008 extended the operation of those provisions to debt that is discharged before January 1, 2013.

This bill would extend the operation of the exclusion of the discharge of qualified principal residence indebtedness to debt that is discharged *on or after January 1, 2013, and* before January 1, 2014.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 17144.5 of the Revenue and Taxation
2 Code is amended to read:

3 17144.5. (a) Section 108(a)(1)(E) of the Internal Revenue
4 Code is modified as follows:

5 (1) To provide that the amount excluded from gross income
6 shall not exceed \$500,000 (\$250,000 in the case of a married
7 individual filing a separate return).

8 (2) By substituting the phrase “January 1, 2014” for the phrase
9 “January 1, 2013” contained therein.

10 (b) Section 108(h)(2) of the Internal Revenue Code, is modified
11 by substituting the phrase “(within the meaning of section
12 163(h)(3)(B), applied by substituting ‘\$800,000 (\$400,000’ for
13 ‘\$1,000,000 (\$500,000’ in clause (ii) thereof)” for the phrase
14 “(within the meaning of section 163(h)(3)(B), applied by
15 substituting ‘\$2,000,000 (\$1,000,000’ for ‘\$1,000,000 (\$500,000’
16 in clause (ii) thereof)” contained therein.

17 (c) This section shall apply to discharges of indebtedness
18 occurring on or after January 1, 2007, and, notwithstanding any
19 other law to the contrary, no penalties or interest shall be due with
20 respect to the discharge of qualified principal residence
21 indebtedness during the 2007 or 2009 taxable year regardless of
22 whether or not the taxpayer reports the discharge on his or her
23 return for the 2007 or 2009 taxable year.

24 (d) *The amendments made to this section by the act adding this*
25 *subdivision shall apply to discharges occurring on or after January*
26 *1, 2013.*

27 SEC. 2. This act provides for a tax levy within the meaning of
28 Article IV of the Constitution and shall go into immediate effect.